

THE AIG BONUS DEBACLE: THE HEADACHES KEEP COMING

The SPEAKER pro tempore (Ms. EDWARDS of Maryland). The Chair recognizes the gentleman from Florida (Mr. STEARNS) for 5 minutes.

Mr. STEARNS. Madam Speaker, the Special Inspector General for the Troubled Asset Relief Program, Neil Barofsky, recently released an alarming audit which revealed Secretary of the Treasury Tim Geithner's complete lack of oversight and total mismanagement of American International Group's (AIG) distribution of millions in bonus payments following the company's \$180 billion taxpayer bailout.

Just think about this: U.S. taxpayers own 80 percent of AIG, and AIG is using taxpayer money to pay themselves huge bonuses. Let's examine Mr. Geithner's role as Secretary of the Treasury and his role with AIG.

Mr. Geithner, as we will recall, was President of the Federal Reserve of New York prior to becoming Secretary of the Treasury in January of this year. Interestingly enough, on September 29, 2008, during Mr. Geithner's time as president, AIG officials briefed a senior vice president at the New York Fed about the details of AIG's deferred compensation plan, bonuses, and retention payments for its Financial Products group. AIG even e-mailed the New York Fed official copies of its compensation plans. Mr. Geithner was president of the New York Fed at the time the bank knew about the bonuses, and yet he maintains that he was "not apprised of the specifics."

Please, Mr. Secretary, just admit you knew about the bonuses and you were just trying to protect your friends on Wall Street at taxpayers' expense.

Now let's fast forward to March of this year. Mr. Geithner is now Secretary of the Treasury, and the news breaks to the American people about AIG—the company that is "too big to fail," and in need of \$180 billion in taxpayer bailout—would be distributing \$165 million in retention payments to employees of its financial products subsidiary. Now, this unit, I will remind everybody, of course, is the same entity responsible for writing the credit default swap policies that contributed directly to the company's near collapse. Yet again, we have Secretary Geithner claiming that he only found out about the AIG bonuses on March 10, 2009, just 3 days before they were paid.

Please, Mr. Secretary, if a company is in bankruptcy, you don't give out bonuses.

Given that sources at the Federal Reserve have stated that "Treasury staff was informed that the March 15 bonus payment date was upcoming," surely Mr. Secretary, as head of the U.S. Department of the Treasury, you must have known about the payments. It is even harder to believe in light of the Special Inspector General's report which notes "Federal Reserve Board of New York officials e-mailed the Treas-

ury's internal counsel, legal counsel, the amounts and timing of the AIG financial products retention award" plan.

So even his legal counsel knew about it.

Madam Speaker, everybody at the Federal Reserve knew about the AIG bonus issue, and officials at the Treasury surely knew. Yet somehow, the head of our Treasury Department and former head of the New York Fed at the time of the AIG bailout, said he was completely in the dark.

Please, Mr. Secretary, just admit you knew all the about the bonuses.

Mr. Barofsky's audit concludes that "This, coupled with Treasury's subsequent limited communications with the Federal Reserve Board of New York with respect to executive compensation, has meant that the Secretary of the Treasury invested \$40 billion of taxpayers' funds in AIG, designed AIG's contractual executive compensation restrictions and helped manage the government's majority stake in AIG for several months, all without having any detailed information about the scope of AIG's very substantial, and very controversial, executive compensation obligations."

Please, Mr. Secretary.

It should also be noted that former Secretary Paulson was also complicit in the AIG bonus mismanagement. It was under Mr. Paulson's watch, after all, that the government acquired this huge stake in AIG in the first place. And it was Mr. Paulson's decision to bail out AIG, which happened to owe billions to Goldman Sachs, while subsequently letting Goldman Sachs' main competitor, Lehman Brothers, fail.

The American people were rightly outraged when they found out that AIG would be paying out millions in bonuses despite needing a \$180 million taxpayer bailout. But it doesn't stop there. The audit also revealed that even kitchen assistants and elevator operators got bonuses over \$7,000. So clearly, not all of the AIG bonuses were contractually obligated as the company's executives claim. The headaches just keep coming.

This is what happens when high-ranking government officials such as Mr. Paulson and Mr. Geithner have clear conflicts of interest and are trusted to manage billions in taxpayers' money. Mr. Paulson and Mr. Geithner's close ties to Wall Street are just too close for comfort for the American people and their tax dollars.

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CONDEMNING ILLEGAL LOGGING

The SPEAKER pro tempore. The Chair recognizes the gentleman from Oregon (Mr. BLUMENAUER) for 5 minutes.

Mr. BLUMENAUER. Thank you, Madam Speaker.

The irreplaceable role of healthy forests as havens for biodiversity, carbon

sinks and renewable resources demands that we reverse a global legacy of environmental pillaging. Illegal logging and resource extraction is not just about environmental decimation, with watershed pollution, biodiversity loss and increased carbon emissions, it's about the human loss as well: the local communities left with a culture of violence and corruption devastated without resources for survival, and beyond, to everybody on the planet.

We all benefit from the medicines, carbon capture and species diversity these forests provide. For years, I've worked to eliminate the illegal logging trade. To make sure the United States can lead by example and stop our own use of illegally logged lumber, I authored the Legal Timber Protection Act whose provisions were signed into law last year. The U.S. Government is now empowered to determine where imported wood and plants actually come from to promote legal harvest. Yet the illegal trade continues.

Last Thursday, with Chairmen PAYNE and FALEOMAVAEGA, I introduced a resolution to condemn the illegal logging and extraction of Madagascar's unique and invaluable natural resources. Madagascar hosts some of this planet's greatest diversity. Larger than the State of California, this island nation broke off from the African mainland about 160 million years ago, spawning a biological laboratory with over 150,000 plants and animals found nowhere else in the world: massive moths, towering trees, and a hundred different lemur species. The majority of Madagascar's people live on less than \$2 a day, and protection of these incredible and unique resources, only 10 percent of which remain, could be key to a sustainable and economically secure future. Yet political turmoil is putting the honest livelihoods of many, as well as one of our planet's greatest treasures, in extreme peril.

In March, the democratically elected President was ousted by a political rival with the backing of the military, a move which has been condemned by the United States, the African Union and others as a military coup d'etat. That ushered in a collapse of security for these precious treasures as political instability bred further corruption and mismanagement. Twenty years of partnership with the United States and nongovernmental organizations that has resulted in more effective local management and preservation is being undone in a matter of months. The de facto government uses the nation's endangered resources to boost its regime and has issued sweeping decrees allowing the harvest and export of wood from protected forests and World Heritage Sites.

Reports from Madagascar are dire, detailing rampant illegal logging, mining, and resource degradation as detailed in an excellent report in last Friday's Washington Post. Traffickers smuggle record numbers of one of the